

Entered on Docket
January 29, 2010

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Attorneys for Certain Direct Lenders

In re:
ASSET RESOLUTION LLC,
BUNDY 2.5 MILLION SPE, LLC,
BUNDY FIVE MILLION SPE, LLC
CFP ANCHOR B SPE, LLC
CFP CORNMAN TOLTEC SPE, LLC
CFP GESS SPE LLC
CFP GRAMERCY SPE, LLC
FIESTA STONERIDGE, LLC
FOX HILLS SPE, LLC
HFAH MONACO SPE, LLC
HUNTSVILLE SPE LLC
LAKE HELEN PARTNERS SPE LLC
OCEAN ATLANTIC SPE LLC
SHAMROCK SPE LLC
10-90 SPE, LLC

Debtors.

Affects All Debtors
 Affects Only _____

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Pro Hac Vice to be filed
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UNITED STATES BANKRUPTCY COURT

DISTRICT OF NEVADA

Chapter 11
(Jointly Administered under)
Case No. BK-S-09-32824-RCJ
BK-S-09-32831-RCJ
BK-S-09-32839-RCJ
BK-S-09-32843-RCJ
BK-S-09-32844-RCJ
BK-S-09-32846-RCJ
BK-S-09-32849-RCJ
BK-S-09-32851-RCJ
BK-S-09-32853-RCJ
BK-S-09-32868-RCJ
BK-S-09-32873-RCJ
BK-S-09-32875-RCJ
BK-S-09-32878-RCJ
BK-S-09-32880-RCJ
BK-S-09-32882-RCJ

NUNC PRO TUNC ORDER CONVERTING
CHAPTER 11 CASES TO CHAPTER 7 CASES

Hearing Time: January 19, 2010
Hearing Time: 3:30 pm

1 For all the reasons set forth on the record at the hearing held on January 19, 2010, including
 2 the reasons set forth in the Motion for Order Converting Cases to Chapter 7, or, Alternatively, for
 3 the Appointment of a Trustee [Doc. #136] and in Certain Direct Lenders' Reply Brief in Support of
 4 Their Motion for Order Converting Cases to Chapter 7, or, Alternatively, for the Appointment of a
 5 Trustee [Doc. #275], the Court finds that cause exists under 11 U.S.C § 1112(b) for the above-
 6 captioned Chapter 11 cases to be converted into Chapter 7 cases. Accordingly,

7 IT IS ORDERED THAT the above-captioned Chapter 11 cases are hereby converted into
 8 Chapter 7 cases, effective as of January 19, 2010.

9 IT IS FURTHER ORDERED THAT a Chapter 7 Trustee shall be appointed forthwith by the
 10 Office of the United States Trustee, Region 11 to take immediate control over Debtor Asset
 11 Resolution LLC's ("Asset Resolution") estate, including any loan servicing rights it purports to hold
 12 as well as its role as managing member of each of the 14 special purpose entity Debtors ("14 SPE
 13 Debtors"), its fractional beneficial loan interests, its control over funds being held in trust for the
 14 direct lenders, and its claims pending before the undersigned United States District Judge in both
 15 the action styled *3685 San Fernando Lenders, LLC, et al. v. Compass USA SPE, LLC, et al.*, Case
 16 No. 2:07-cv-00892-RCJ-GWF ("892 Case") as well as the adversary complaint styled *Complaint for
 17 Declaratory Relief* ("Adversary Case").

18 IT IS FURTHER ORDERED THAT the Chapter 7 Trustee has no authority to operate Asset
 19 Resolution's loan servicing business, including any loan servicing rights arising under those certain
 20 Loan Servicing Agreements ("LSAs") originally entered into by the direct lenders with USA
 21 Commercial Mortgage Company ("USACM"). Nor does the Chapter 7 Trustee have any authority
 22 to operate the 14 SPE Debtors as their managing member.

23 Instead, pursuant to separate order issued by the undersigned United States District Judge in
 24 the 892 Case on January 21, 2010, those loan servicing rights, including the purported right of Asset
 25 Resolution to be the managing member of the 14 SPE Debtors, have been properly terminated by
 26 the direct lenders and do not constitute property of Asset Resolution's estate. As a result, the
 27 Chapter 7 Trustee shall be placed in temporary nominal control of the 14 SPE Debtors as well as
 28 each of the outstanding loans originated by USACM for which Asset Resolution purported to hold

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1 the loan servicing rights (the “Loans”), subject to: (i) the “51% Rule” under Nevada law, pursuant
2 to which 51% or more of the direct lenders in each of the 14 SPE Debtors and in each of the Loans
3 may notify the Chapter 7 Trustee regarding how they want to proceed with the management and
4 direction of each of the 14 SPE Debtors and each of those Loans (e.g., the retention of a new loan
5 servicer, the lack of any loan servicer, the conveyance of title, etc.); and (ii) further order of the
6 Court. In other words, for example, if 51% or more of the direct lenders in a Loan vote in favor of
7 retaining a new loan servicer pursuant to new loan servicing terms and conditions, the Chapter 7
8 Trustee, upon the approval of the Court, shall transfer control of that Loan to that new loan servicer
9 in accordance with the directive from the majority of the direct lenders in that Loan. In the event
10 that 51% or more of the direct lenders in any of the 14 SPE Debtors or Loans cannot agree on the
11 management and direction of any of the 14 SPE Debtors or Loans, an immediate hearing before the
12 undersigned United States District Judge shall be convened to address and resolve the management
13 and direction of any such 14 SPE Debtors or Loans .

14 Janet L. Chubb, Esq. of Jones Vargas is tasked with identifying how 51% or more of the
15 direct lenders in each of the 14 SPE Debtors and Loans intend to proceed with the management and
16 direction of those 14 SPE Debtors and Loans. Ms. Chubb is expressly authorized to solicit the vote
17 of 51% or more of the direct lenders in each of the 14 SPE Debtors and Loans. Pursuant to separate
18 order to be issued by the undersigned United States District Judge in the 892 Case, the Preliminary
19 Injunction entered on November 6, 2007, precluding the direct lenders from communicating with
20 borrowers or otherwise interfering with the loan servicer under the LSAs will be vacated. In her
21 discretion, Ms. Chubb will ensure that such votes are properly undertaken and recorded, and will
22 communicate the results of those votes to the Chapter 7 Trustee.

23 IT IS FURTHER ORDERED THAT, in connection with the determination of how 51% or
24 more of the direct lenders in each of the 14 SPE Debtors and Loans intend to proceed with the
25 management and direction of those 14 SPE Debtors and Loans, the Chapter 7 Trustee is authorized
26 to vote the fractional beneficial loan interests held by Asset Resolution in those 14 SPE Debtors and
27 Loans.

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1 IT IS FURTHER ORDERED THAT the Chapter 7 Trustee, as a fiduciary for the direct
2 lenders, shall take legal, but not beneficial, title to the funds that were previously being held by
3 Asset Resolution in trust for the direct lenders. Asset Resolution and the 14 SPE Debtors shall
4 cooperate with the Chapter 7 Trustee to effectuate the immediate transfer of control over such funds
5 to the Chapter 7 Trustee. Pursuant to further order of the Court, the Chapter 7 Trustee shall disburse
6 those funds that were previously being held by Asset Resolution in trust for the direct lenders in
7 accordance with the summary judgment Order entered by the undersigned United States District
8 Judge in the 892 Case on September 18, 2009, and without prejudice to the rights of third parties to
9 assert claims (such as for Prepaid Interest) at the time that an order for distribution is sought. The
10 Chapter 7 Trustee is also authorized to perform an accounting of those funds that were previously
11 being held by Asset Resolution in trust for the direct lenders, and investigate and pursue the
12 recovery of any improper or unwarranted transfers of those funds by Asset Resolution and the 14
13 SPE Debtors.

14 IT IS FURTHER ORDERED THAT the Chapter 7 Trustee shall, in its discretion and subject
15 to the approval of the Court, evaluate, prosecute, resolve, and/or compromise the affirmative claims
16 for relief filed by Asset Resolution in the 892 Case and the Adversary Case.

17 IT IS FURTHER ORDERED THAT the interim order approving \$1 million in debtor in
18 possession financing is hereby revoked [Doc. #255].

19 IT IS FURTHER ORDERED THAT Asset Resolution's and the 14 SPE Debtors'
20 Application for Order Extending Debtors' Exclusive Periods to File Plan and Solicit Acceptances
21 Thereto pursuant to 11 U.S.C. § 1121(d) [Doc. #263] is DENIED as moot.

22 IT IS FURTHER ORDERED THAT the Application of the Official Committee of
23 Unsecured Creditors of Asset Resolution LLC, et al. for an Order Authorizing the Retention of
24 NachmanHaysBrownstein, Inc. as its Financial Advisors, *Nunc Pro Tunc*, as of November 25, 2009
25 [Doc. #109] is DENIED as moot. As a result, no request to compensate NachmanHaysBrownstein,
26 Inc. for any services rendered since November 25, 2009, shall be entertained.

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1 In accordance with LR 9021, counsel submitting this document certifies as follows (check one):

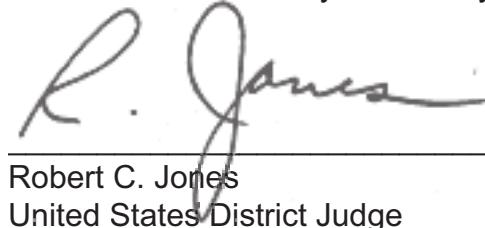
2 The court has waived the requirement of approval under LR 9021.

3 This is a Chapter 11 case, and I have delivered a copy of this proposed order to all counsel
4 who appeared at the hearing, any unrepresented parties who appeared at the hearing, and
5 each has approved or disapproved the order, or failed to respond, as indicated below [list
each party and whether the party has approved, disapproved, or failed to respond to the
document]:

6 ORDER

7 IT IS SO ORDERED, NUNC PRO TUNC 01/19/2010, 3:30 P.M.

8
9 DATED: This 27th day of January, 2010.

10 
11 Robert C. Jones
12 United States District Judge

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